



GAIN wishes you & yours a Happy New Year 2009!

It is the season for Giving! Help your clients give more!

Winter 2008

Ask your clients if they donate to their church or charity every year. If they do, ask them if they would like that to continue upon their death.

A recent conversation like this between the agent and his client on an annuity sales call led to a Charitable Giving Sale. The client agreed to set up a life insurance policy that will pay a death benefit to the church to generate the necessary funds to continue his donation annually.

Ask the client if they know other members of the church who might be interested in doing the same. Are there other members in the church who are star fund raisers but are not able to donate cash? Now you have additional leads.

Here are a few key points to bear in mind in the underwriting process:

State Laws: Compliance with the controlling state's insurable interest laws regarding permissible charitable ownership arrangements is a must and the requirements vary widely from state to state*.

Cover Letters: Charitable cases should be identified as such upon submission.

Calculating Coverage: The amount of life insurance coverage requested should consider contributions, whether in cash or personal services. The charity or the proposed insured may pay premiums. The amount can be a flat dollar amount to provide a benefit to the charity or a lump sum

to replace or recreate projected annual charitable donations.

Individual Underwriting: All charitable cases are subject to individual underwriting on each donor and require the donor to sign the application.

Charity as Owner of Policy: The proposed insured must provide evidence of charitable contributions or activities in furtherance of the charity, such as fundraising or management, similar to key person coverage. The policy can be on a ***Single Insured*** (based on the charity's actual risk of loss) or ***Multiple Insureds*** (each proposed insured should have a direct relationship with the charity that will result in a loss). Financing of premiums would call for further scrutiny of the arrangement.

Total Line of Coverage: Underwriting will want to know if the donor has assets or life insurance in force to address personal and business needs before committing his or her insurance capacity to a charity. Be sure to evaluate the proposed insured's estate planning needs *prior* to submitting a charitable case.

As charitable giving programs are often tax-driven, both proposed insureds and the respective charities should consult with their tax and legal advisors before any life insurance purchase.

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*For further information, see the "State Application Procedure for Charity-Owned Life Insurance" in the Underwriting section of www.axadistributors.com.

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2009 Tax Information

- Social Security Benefits to **increase 5.8%** in 2009. This is the largest benefit increase since 1982.
- **The annual Gift tax** (and generation skipping transfer tax) exemption increases from 12,000 to **13,000** for 2009.
- The **top gift and estate tax** rates which is also the generation skipping transfer tax rate stays at **45%**.

- The **top income tax** rate for individuals, trusts and estates is **35%**.
- **Unified Credit** for gift tax purposes remains at **\$345,800**.
- Generation Skipping Transfer tax (**GSTT**) exemption increases from \$2,000,000 to **\$3,500,000**.
- Congress **extends Charitable IRA rollovers** through 2009. Under the Pension

Protection Act of 2006, a distribution of up to \$100,000 from an IRA owned by an individual who has attained the age of 70½ directly to a charitable organization (a qualified Charitable distribution) was generally excluded from gross income for the years 2006 and 2007. The Tax Extenders and AMT tax relief act of 2008 retroactively extended this provision for **2008 and 2009**.

(GAIN does not provide tax advice. For reference purposes only)

“GAIN the Freedom to Sell the Best and Earn the Most”

IRAs – A Quick Guide

IRAs are great wealth Accumulators! But once your clients have accumulated that wealth, how much of it will they be able to leave to their loved ones?

Advantages of IRAs

- Employer Tax Deductions for Contributions
- Employee Not Currently Taxed
- Tax-deferral Growth

Disadvantages of IRAs

- Clients don't spend the \$
- Can't give away without gift & income tax
- Ordinary income tax on distributions
- Included in estate
- Death benefits subject to IRD

IRAs are BAD ASSETS to DIE WITH! Income & Estate Tax Consequences can be high. Combined Rates Can Exceed 65%

What can the client do?

Spend the bad assets while alive & pass the good assets to heirs at death.

- Maximize income tax deferral
- Give the bad assets to charity!!

Good Assets to Die With?

Those assets that receive step-up in basis at death or are not subject to income tax are

- Real Estate
- Mutual Funds
- Securities
- Business Interests
- Roth IRA
- Life Insurance

Taxation of Distribution from the IRAs

- All distributions are taxed as ordinary income
- Distributions may be subject to a 10% penalty for withdrawal before age 59 ½

Exceptions to 10% Penalty

	Qualified Plan	IRA
Death	X	X
Disability	X	X
Medical		
Expenses	X	X
72(t) Payments	X	X
Separation		
From Service	X	
Education		
Expenses		X
First Time Home Buyer		X

(GAIN does not provide tax advice. Not to be used with client presentations)

Check Out The New Products/Updates!

Income Replacement Termsm

West Coast Life introduced a new and innovative term life insurance policy with **discounted initial level premiums**. Instead of a lump-sum death benefit, this **policy pays an income stream** for a selected number of years if the insured dies before the policy end date.

Highlights of Income Replacement Termsm

1. 7- 40% discounted premiums
2. Death benefit paid in the form of periodic, guaranteed payments for a fixed period (5 - 30 years)
3. Additional lump-sum death benefit payment available
4. Level premiums guaran-

teed not to increase during the selected initial premium period of 10, 15, 20, 25 or 30 years

Help your clients set up for the periodic and recurring expenses of their beneficiaries that a traditional lump-sum death benefit may not provide. Present this policy as a way to lessen ongoing beneficiary financial burden with cost-savings to the policy owner.

Interest Sensitive Whole Life (ISWL)

AXA's new ISWL policy is based on 2001 CSO mortality table. Highlights of the product are

1. Guaranteed Cash Value
2. Potential for additional cash surrender value through current basis interest crediting rate and

cost of insurance charges

3. Guaranteed fixed premiums
4. Low face amount availability for certain contractual obligations and for qualified plans

AXA: Effective **January 19, 2009**, AXA Equitable will be **eliminating** Athena UL-LPR and the **Lapse Protection Rider** on Athena Survivorship UL III from its product portfolio. Effective immediately, new applications for term conversions to Athena ULSM-LPR, Series 149 and Athena Survivorship Universal LifeSM III (Athena SUL III) with the Lapse Protection Rider are limited to a maximum face amount of \$5 million.

The Athena SUL III face amount includes the base policy face amount plus the Estate Protection Rider Face Amount, if elected.

Conversion offer that is a winner.....

American General Term Conversion Strategy to ContinUL Extend®

American General will permit term conversions to their flagship guaranteed universal life product – ContinUL Extend – **up to the 60th month of the term contract** (prior to the fifth policy anniversary), subject to the age limitations of the term policy's conversion provision.

Other products that currently accept conversions will be available for the entire con-

tractual conversion period of the policy, i.e. during the first five policy years and beyond.

Please note, they **will not backdate for the ContinUL Extend** if the term policy is **beyond the 60th month**. Paperwork must be signed and received in their office prior to the fifth policy anniversary.

With recent enhancements, ContinUL Extend is now better than ever and represents an attractive option for term conversions within the first five years. With flexible guarantees, Con-

tinUL Extend, allows you to customize your client's coverage and adapt to changing needs. Enhancements recently announced include:

1. New pricing of **guaranteed premiums**
2. New Standard Plus Non tobacco class
3. **Standard Class** (both Non tobacco and Tobacco) expanded **to include up to table 2** through issue age 70

Find your clients with standard and table 2 offers and convert them to a huge advantage.

GENERAL AGENTS INSURANCE NETWORK

Ask about
"Refer an
Agent"
Bonus

100 W PFLUGERVILLE
PARKWAY, #106
PFLUGERVILLE, TX 78660

Phone: 800-847-6426
Austin: 512-989-2223
Fax: 877-847-6426
Austin: 512-251-1912

Visit us at
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online statuses and
contracting

Annuity Corner

GAIN Annuity Carriers

American General
American National
Forethought
Fort Dearborn Life
Lincoln Benefit Life
Mass Mutual
North American
Old Mutual Financial Network
Presidential Life
Symetra
West Coast Life

In the current economic trends clients are looking for safety of principal and guarantees on their contracts.

GAIN Annuity Hot List! *(Updated 01/02/09)* *Multi Year Guarantee Annuities*

3 yr	
Symetra	4.62%
North American	3.98%
West Coast	3.67%
ANICO	3.10%

4 yr	
Fort Dearborn	4.65%
Presidential	4.55%
North American	4.50%
West Coast	4.22%
ANICO	3.40%

5 yr	
North American	5.00%
Presidential	4.90%
West Coast	4.84%
Fort Dearborn	4.60%
ANICO	4.25%
Symetra	4.05%

9 yr	
West Coast	5.60%
Fort Dearborn	4.85%
ANICO	4.67%
Lincoln Benefit	4.06%

Products and availability varies by state and might not be approved in all states.
Some interest rates might require higher minimum deposits and some might include a first year interest rate bonus.